

HOUSE BILL 1917

By Evans

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 25; Title 8, Chapter 34; Title 8, Chapter 35; Title 8, Chapter 36 and Title 8, Chapter 37, relative to retirement.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-36-916(c), is amended by deleting subdivision (1) in its entirety and by substituting instead the following:

(1) Notwithstanding § 8-35-111, each employer shall make a mandatory contribution to the defined contribution component of the plan on behalf of each of its employees participating in the hybrid plan, regardless of whether the employees make any employee contributions pursuant to subsection (b). The amount of the contribution shall be five percent (5%) of the respective employee's salary. In addition to the mandatory contributions required in this subdivision (c)(1) and in lieu of any match provided for in § 8-25-303, each employer shall provide for employer matching of contributions on behalf of each of its employees who make employee contributions to the defined contribution component of the plan. The employer match shall equal one hundred percent (100%) of the amount contributed by the respective employee up to the lesser of two percent (2%) of the employee's compensation or the maximum allowed under the Internal Revenue Code; provided, that the total combined employer contributions to all defined contribution plans on behalf of a single employee shall not exceed nine percent (9%) of the employee's compensation, and shall conform to all applicable laws, rules and regulations of the internal revenue service governing profit sharing and/or salary reduction plans for governmental employees. If the employer contributions to all such plans combined exceed such amount, the employer shall reduce

its contributions to any other defined contribution plans such that the contributions to the defined contribution component of the plan and to the other plans do not exceed the limit. Employer contributions for kindergarten through twelfth (K-12) grade teachers shall be paid by the respective local education agency for which the teachers are employed.

SECTION 2. Tennessee Code Annotated, Section 8-36-919(f), is amended by deleting the subsection in its entirety and by substituting instead the following:

(f) Notwithstanding this part or any other law to the contrary, a political subdivision that extends retirement coverage to its employees under this section may elect to provide its own profit sharing and/or salary reduction plan that is authorized under § 401(k) of the Internal Revenue Code in lieu of participating in the state's profit sharing and/or salary reduction plan established under chapter 25, part 3 of this title; provided, that the political subdivision provides the mandatory contributions and employer matching contributions to such plan on behalf of each of its employees participating in the hybrid plan under the same terms and condition as described in § 8-36-916 unless suspended or reduced pursuant to § 8-36-922.

SECTION 3. This act is subject to funding provided in the general appropriations act.

SECTION 4. This act shall take effect July 1, 2014, the public welfare requiring it.